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MEMORANDUM TO THE PRIME MINISTER

WATERFRONT TORONTO – QUAYSIDE PROJECT

(For information)

SUMMARY

- o On October 16, 2017, the Waterfront Toronto Board of Directors will decide whether to endorse the selection of Sidewalk Labs LLC as the preferred proponent to move forward into negotiations as the Innovation and Funding Partner for the Quayside Project. Sidewalk Labs is a subsidiary of Alphabet Inc., which is also the parent company of Google.
- o You are invited to participate and offer remarks in an anticipated public announcement on the following day, October 17, 2017.
- o The Quayside Project [REDACTED] lead by Waterfront Toronto (WT) – an organisation created and funded by the federal, provincial and municipal governments – to transform 880 acres of Toronto's waterfront into sustainable, long-term development.
- o The Quayside Project aims to use a 12-acre section of Toronto's eastern waterfront to develop world-leading design and technologies to create the city of tomorrow. This would encompass a mixed-use of 'smart' community concepts, innovative building techniques, connectivity and a climate positive approach to city building.
- o This innovative approach would serve as a test-bed which could then be scaled up deployed to the rest of whole the waterfront's Port Lands (880 acres) once revitalized by WT through a funding partnership with the City of Toronto, the Province of Ontario and the federal government, and even exported globally.
- o Sidewalk Labs proposes to provide a direct funding commitment of \$50 million toward fully developing a business plan, and committed to move Google Canada's headquarters to the waterfront area as an anchor for the urban innovation cluster.

- The endorsement of Sidewalk Labs' proposal by WT would initiate a year-long multistage process to develop a business plan for an innovative and sustainable project. If a business plan is agreed upon, WT will launch future requests for proposals for its implementation – seeking notably partners for infrastructure, design and delivery, as well as partners for real estate development.

Background

- The Toronto Waterfront Revitalization Corporation, now called Waterfront Toronto (WT) was established in 2001 under provincial legislation as a not-for-profit entity. WT was mandated to lead and implement the Toronto Waterfront Revitalization Initiative (TWRI) with \$500 million in seed funding from federal, provincial and municipal governments.
- In June 2017, the Port Lands Flood Protection (PLFP) project was announced. This \$1.185B project is supported by \$384 million in federal funding and some \$400 million from each of the Province of Ontario and the City of Toronto. The purpose of PLFP project is to ~~open some~~unlock 880 acres of waterfront land for long-term development through brownfield remediation and flood protection (i.e. elevating river banks). The PLFP project is expected to be undertaken between 2017-2024.
- In parallel to the waterfront revitalisation project, WT issued a request for proposals (RFP) on March 17, 2017 to retain a ~~technology partner~~an Innovation and Funding Partner. Using the 12-acre Quayside district in the East Bay Front of the waterfront area as a testbed, the RFP called for an ambitious vision to develop a world-leading smart city. The objectives included to pursue: sustainability, resiliency and urban innovations that include technology advancements to meet carbon emission reduction targets; complete communities with a range of housing types for families of all sizes and income levels; and economic development that leverages Canada's cleantech, building materials and broader innovation-driven sectors.
- On August 22, 2017, WT received the Best and Final Offer Submissions. On October 16, 2017, the evaluation team and steering committee, which managed the selection process, will seek agreement from the WT Board of Directors on a term sheet that outlines a one-year timeline to move forward to a definitive agreement with Sidewalk Labs, including a master innovation and development plan for Quayside by the end of 2018.

Considerations

ATIA - 19(1)

ATIA - 20(1)(b)

ATIA - 21(1)(b)

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- While many cities have engaged in waterfront or downtown revitalization projects, the ~~WARI~~ WTWI offers approximately 400 acres or 3.3 million square feet of development potential, and the Quayside project is a unique opportunity to create a globally significant high tech demonstration project that encourages market transformation by advancing solutions that can be replicated in cities worldwide.
- To manage risks, the framework agreement with Sidewalk Labs includes "off ramp" options for both sides. To support WT's work, Sidewalk Labs will provide \$50M in non-recourse operational funding staged over the year as work progresses.
- Recognizing the need to ensure transparency and build public trust, early pilots will be selected and rolled out that demonstrate the intersection between urbanism and technology to improve quality of life and build public trust in the partnership.
- The framework agreement is clear that Sidewalk Labs does not have any rights to the land, but will be permitted to work with WT on the vision/planning of the Eastern waterfront. Land valuation and disposition methodology will be negotiated in upcoming stages.

PCO Comment

- [REDACTED]
[REDACTED] Your participation in the announcement [REDACTED]
[REDACTED]
- The selection of Sidewalk Labs as a technology partner to develop this test bed complements federal efforts to grow Alphabet/Google partnerships and operational footprint in Canada.
[REDACTED]
[REDACTED] The decision to locate the Google Canada headquarters in Quayside as an anchor for the cluster offers the opportunity to identify concrete means whereby Alphabet/Google and Canada can further build partnerships to grow investment, innovation and jobs in Canada.
- The Quayside Project demonstrates the continued deepening of Alphabet/Google presence in Canada and recognition of Canada's strengths in cutting edge technologies, particularly around artificial intelligence (AI). This project follows several other notable bets by

Google in Canada-- for example, Google has launched two Google Brain satellite offices in Canada, the first in Montreal in 2016 (\$4.5 million investment to support AI research in Montreal's Institute for Learning Algorithms (MILA)) and the second in Toronto earlier this year. Moreover, Google contributed \$5 million to the creation of the Vector Institute led by Chief scientific Advisor Geoffrey Hinton, who is a VP and Engineering Fellow at Google.

- The objectives of the Quayside Project and the Sidewalk Labs proposal align closely with the goals of the soon to be launched Smart Cities Challenge, which aims to support projects that will position Canadian cities as world leaders in leveraging data, smart technologies and best practices for meaningful direct impact on the lives of citizens. Infrastructure Canada was provided with \$300 million over 11 years to announce awards to support a range of projects, and the call for proposals will be launched in Fall 2017 (awaiting confirmation).

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